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THE HOPES OF FREE SILVER.

BY THE HON. R. P. BLAND, CHAIRMAN OF THE COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES, OF THE HOUSE OF REPRESENTATIVES.

THE word seigniorage as applied to the coinage means in the original or true sense the *toll* or *charge* exacted at the mints for the coinage of bullion into money. This toll or charge is always, as a matter of right, exercised by governments. It may be so great as to practically exclude all deposits for coinage, or may be so small as to invite the deposit of bullion for coinage. Our mint laws as to the coinage of gold bullion for private holders are exceedingly liberal. The only charge exacted for the mintage of gold is the payment on the part of the depositor of the expense of the alloy that goes into the gold coin.

The alloy of our gold and silver coins, as fixed by the Act of February 12th, 1873, and now in force, is as follows :

Sec. 13. "That the standard for both gold and silver coins of the United States shall be such that of one thousand parts by weight nine hundred shall be of pure metal and one hundred of alloy; and the alloy of the silver coins shall be of copper, and the alloy of the gold coins shall be of copper or of copper and silver; but the silver shall in no case exceed one-tenth of the whole alloy."

The act of January, 1837, which provided for the unlimited coinage of both gold and silver, fixed the mint charges in section 18 of the act as follows :

Sec. 18. "And be it further enacted, That the only subjects of charge by the mint to the depositor shall be the following: For refining when the bullion is below standard; for toughening when metals are contained in it which render it unfit for coinage; for copper used for alloy when the bullion is above standard; for silver introduced into the alloy of gold, and for separating the gold and silver when these metals exist together in the bullion; and that the rate of these charges shall be fixed from time to time, by the Director, with the concurrence of the Secretary of the Treasury, so as not to exceed, in their judgment, the actual expense to the mint of the

materials and labor employed in each of the cases aforementioned, and that the amount received from these charges shall be accounted for, and appropriated for defraying the contingent expenses of the mint."

It will be observed that the seigniorage or mint charges for the coinage of gold and silver was very slight.

The act of February 12th, 1873, known as the Demonetization Act, prohibited the coinage of the standard silver dollar. Since that time all the silver dollars coined have been coined on government account. That is to say, the government has purchased the bullion and coined it as prescribed by law. After the demonetization statute of 1873 no standard dollars were coined until after the passage of the act of February 28th, 1878. The first section of that act provides as follows:

Sec. 1. "That there shall be coined at the several mints of the United States silver dollars of the weight of $412\frac{1}{2}$ grains troy of standard silver, as provided in the act of January the 18th, 1837, on which shall be the devices and superscriptions provided by said act; which coins together with all silver dollars heretofore coined by the United States, of like weight and fineness, shall be a legal tender at their nominal value, for all debts and dues public and private, except where otherwise expressly stipulated in the contract. And the Secretary of the Treasury is authorized and directed to purchase, from time to time, silver bullion at the market price thereof, not less than two million dollars' worth per month, nor more than four million dollars' worth per month, and cause the same to be coined monthly as fast as so purchased into such dollars; and a sum sufficient to carry out the foregoing provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated. And any *gain* or *seigniorage* arising from this coinage shall be accounted for and paid into the Treasury as provided for under existing laws relative to the subsidiary coinage; provided that the amount of money at any one time invested in such silver bullion, exclusive of such resulting coin, shall not exceed five million dollars. And provided further, that nothing in this act shall be construed to authorize the payment in silver of certificates of deposit issued under the provisions of Section 254 of the Revised Statutes."

This act provides for the *gain* or *seigniorage* that may accrue in the purchase and coinage of the bullion. The profit or seigniorage is fixed, as is provided by law, for subsidiary coinage. This gain is the difference between the cost of the bullion in the market and the value or ratio fixed by law for its coinage. The difference therefore between the cost of the bullion and the amount of dollars the bullion will coin at the mints is denominated the seigniorage.

The act of July 14th, 1890, commonly called the Sherman law, provides in section three as follows:

Sec. 3. "The Secretary of the Treasury shall each month coin two million ounces of the silver bullion, purchased under the provisions of this act, into standard silver dollars until the first day of July, eighteen hundred and ninety-one, and after that time he shall coin the silver bullion purchased under the provisions of this act, as much as may be necessary to provide for the redemption of the Treasury notes herein provided for, and any *gain or seigniorage* arising from such coinage shall be accounted for and paid into the Treasury."

This law contained the same provisions substantially as regards the gain or seigniorage as is found in the act of 1878 before quoted. According to the last annual report of the Secretary of the Treasury, there is now in the Treasury 140,699,760 fine ounces of silver bullion purchased under the Sherman act. The cost of this bullion was \$126,758,218. This bullion will coin 181,914,899 silver dollars. The difference between the cost of the bullion and the amount of dollars it will coin is \$55,-156,681. This is the gain or seigniorage that was proposed to be coined by the Seigniorage bill and to be used in the payment of the public expenditures. The first section of the bill provides substantially that the Secretary of the Treasury shall cause to be coined as fast as possible the silver bullion purchased in pursuance of the act of July 14th, 1890, to the amount of the gain or seigniorage of such bullion; to wit, the sum of \$55,-156,681, and to use such coin or the silver certificates issued thereon in the payment of public expenditures.

The second section provides that after the coinage of the seigniorage the remainder of the bullion shall be coined, and the coin held in the Treasury for the redemption of the Treasury notes issued in the purchase of the bullion; that the act should not be construed to change existing law as to the legal-tender character or mode of redemption of the Treasury notes. The act does not take from the Secretary of the Treasury his power to redeem the notes in gold at his discretion, but it does provide that the notes shall not be reissued, but shall be cancelled and destroyed as fast as the bullion shall be coined into a redemption fund; that is when there should be a sufficient amount of standard silver dollars coined from the bullion to take the place of the notes in the currency, the notes from time to time should be destroyed in amounts equal to the coin held in the Treasury for their redemption and silver certificates should be issued on such coin.

The contention that there is no seigniorage to be coined does

not hold good in the face of the law to the contrary. The Sherman law before referred to, in section three, dedicates the bullion purchased to the redemption of the notes issued in the purchase of the bullion by the *coinage* of the bullion for that purpose. It is true that the bullion is set apart to redeem the notes, but this redemption is to be had by the coinage of the bullion into standard silver dollars. The bullion is to be coined, and the standard dollars coined from it is the redemption fund set apart. The gain or seigniorage arising from the coinage is to be paid into the Treasury. Nothing can be plainer than this law. The Seigniorage bill provides for the coining of this gain. This gain is well known, and can be determined as well before the coinage as afterwards; in fact the Secretary of the Treasury in his last annual report states precisely what this gain is; to wit, the sum of \$55,156,681.

The fact that silver bullion has fallen in the markets since the passage of the Sherman law has nothing to do with the question. At the time of the passage of the Sherman law the amount of bullion in the silver dollar was worth in the markets, as bullion, at the gold valuation, only about 72 cents. But the law of the Senator, whose name it bears, provided this bullion should be coined into such dollars and held for the redemption of the notes. It does not lie in his mouth to declaim against his own enactments. The Sherman bill required this bullion to be coined into the standard silver dollar, and the coin to be used for the redemption of the notes, and any gain or seigniorage to be paid into the Treasury. This bullion was purchased to be coined, not to be hoarded as bullion. As bullion it cannot be used for any purpose whatever. No one proposes to sell it as bullion. This would be in bad faith. All the friends of silver contend for is, obedience to the law. The Seigniorage bill compels the execution of the Sherman law. The state of the Treasury at this time justifies the coinage of the Seigniorage first, and the use of the money in the payment of public expenditures. This is a lawful and feasible mode of providing revenue. It is not lawful, nor is it good public policy, for the Secretary of the Treasury to issue bonds for the ostensible purpose of maintaining specie payment as provided for in the resumption act of 1875, and after thus obtaining the money for such an alleged purpose illegally use it for another.

The veto of the Seigniorage bill, for the reasons stated in the President's message—that is to say, that no further silver coinage is practicable, unless the coinage is safeguarded by an issue of bonds to procure gold to put behind the silver dollar—makes the issue plain and direct between the advocates of the single gold standard and the friends of bimetallism. No such thing as bimetallism exists where one metal is made the sole standard.

The standard of money, or the money of ultimate redemption, must rest on both metals, or there is no meaning to the word bimetallism. Yet bimetallism does not mean two standards, but rather an alternative standard. Indeed its logical analysis is that the standard rests upon the combined mass of both gold and silver money. The President's veto, however, states the condition of the gold standard, which tacitly admits there is not sufficiency of gold to go round, or to supply the needs of the currency, either in the coin itself or the paper representative issued thereon, dollar for dollar. To make tolerable the gold standard, there must be a very large over-issue of paper money, which, to keep the parity, must be redeemed in gold. But there can be no increase of this representative money without a corresponding increase of the gold reserve, which requires increased bonded debt. This bonded debt must necessarily increase from time to time, in order to supply the demand for gold by the holders of the credit notes, as well as to secure any further increase of the circulating medium. Any one at a glance must see that here is an endless chain of gold drainage from the Treasury, and the resulting effect more bond issues. Bonded debt can thus be piled on the taxpayers without any limit. Such a system is preposterous and ought not to be tolerated. Nor can the answer be made to this fatal objection by relegating the currency issue to national banks, for at last the government is responsible for the gold to redeem the bank notes. The ultimate redemption of the bank note is fixed as a burden upon the bonds deposited for the security of the noteholders. This bond is a government bond. The government must redeem it and thus pay the noteholders. The following excerpt from the Washington *Evening Star*, of March 20th, is significant of the power sought to be exercised by the owners of gold in controlling legislation on the financial question :

NEW YORK, March 20.—A meeting of bankers has been called for tomorrow to protest against the signing of the Seigniorage bill. Bankers

claim that when they subscribed for the bonds it was stated that there would be no inflation legislation.

A meeting of the subscribers to the new United States five per cent. loan will be held to-morrow at the Union Trust Company for the purpose of preparing a memorial to the President against his signing the Seigniorage bill. The call for the meeting is signed by George G. Williams, President of the Chemical National Bank; John A. Stewart, President of the United States Trust Company; and Edward King, President of the Union Trust Company.

At the special meeting of the Chamber of Commerce held to-day to protest against the Bland Seigniorage bill, now in the hands of the President, it was decided to send a committee of fifteen to Washington to personally protest against the President affixing his signature to the bill. They will carry with them an address prepared by the Executive Committee and adopted by the chamber.

Charles Stewart Smith called the chamber to order at 12:30 to-day. There was a full attendance of members.

Henry Hentz, Chairman of the Executive Committee, read the address that is to be presented to the President. Brayton Ives said the President must be urged to veto the bill. If he did not do so it would be a violation of a stipulation made between the Administration and the bankers of New York. Mr. Ives also said that if the bill became law it would cause an immediate withdrawal of gold from the Treasury.

Cornelius N. Bliss moved the adoption of the report, which was carried.

The Committee appointed to go to Washington are: A. E. Orr, Brayton Ives, Henry W. Cannon, Morris K. Jessup, George Wilson, Louis Windmüller, Edward O. Leech, Hugh N. Camp, Charles Stewart Smith, John Crosby Brown, W. W. Sherman, J. Edward Simmons, Solon B. Humphreys, and Henry Hentz.

A telegram was sent to the President asking an audience and stating that a committee would wait on him to-morrow morning.

The plain meaning of all this is that the people's money, under the operation of the gold standard, is wholly at the mercy of the few who by their great wealth are enabled to own and control the scanty gold supply. They practically dictate terms to the people on the money question. No financial legislation can be possible without first consulting the wishes of this great and powerful interest in Lombard and Wall streets. If their demands are refused and legislation is enacted over their protest, dire consequences must follow, for they have it in their power to loot the Treasury of its gold at any time and compel bond issues to replenish it. This operation can be carried on *ad infinitum*.

It is here pointed out that notwithstanding the Treasury needs money to pay the ordinary expenses of the government, and notwithstanding the government has assets of its own dedicated by law to the coinage, yet without the consent of the great and powerful owners of gold the Treasury assets cannot be used

in the payment of government demands. What a pitiable confession—Lombard and Wall streets are the complete masters of the people! The government is wholly paralyzed, as it stands in financial awe and dread of these gold gamblers. This state of things is simply scandalous. A silver standard or any other system that would free the people from such abject slavery would be preferable.

The free coinage of silver and gold, with notes issued on the coins, dollar for dollar, would relieve all this strain on the Treasury. Indeed, the Treasury would simply be the custodian of the deposited coin, and would have no other burden than to keep the coin in safe vaults, to be paid out when demanded and to receive back the coin again and issue coin notes against the coin.

This system would occasion no bond issues ; no doubt of the ability of the government to return the coin the citizen had deposited for a government note. The expense to the government this system would involve would be more than compensated by the loss and destruction of the notes issued, the coin on which the notes were issued remaining the property of the government.

In the *NORTH AMERICAN REVIEW* for April, 1893, the writer hereof made the following statement :

" It would be well for the Democratic party, and for the country, could the questions of taxation and reduction of pensions, as well as a reduction of expenditures all along the line, be settled before entering the bitter struggle over the money question. The money question must, however, be met some time. When it is forced as the issue it may develop a necessity for a reorganization of political parties. The battle of the standard is the coming battle the world over, when it is pushed to the front for final settlement —the question as to whether silver shall be placed at its old status as the equal, if not the superior, of gold in our financial system, or totally demonetized. It will be a battle-royal.

" The time is not to be long deferred when this battle of the standards will be fought to a finish. On the one side will be arrayed the rich and powerful banks of the Old World and of the New; on the other, the mass of our people, especially those west of the Alleghany Mountains, loaded down as they are with debts and mortgages, with a vast country yet to be touched by the hand of industry and enterprise, demanding money without limit, except as to its supply from nature.

" The money question when brought forward for final solution must of necessity involve the question of the standard ; whether it shall be a standard resting upon both metals, gold and silver, or the single gold standard. Compromises and makeshifts have heretofore only checked the fighting. When pressed forward, as it seems may be done ahead of tariff, and all other reforms, by the Democratic party, the peril of defeat for tariff reductions, pension reforms, and other reforms in our expenditures is great. It

may be that those who wish to postpone and defeat tariff reform are more than willing to press other great measures ahead of it. The Democratic party will make a great mistake if such should be the policy adopted."

The unfortunate condition in which the Democratic party was placed at the meeting of Congress in extra session, in August last, called as it was for the sole purpose of repealing the purchasing clause of the Sherman Act, resulted in an open rupture between the friends of silver and the Administration. That breach might have been, at least, partially closed by the signing of the Seigniorage bill by the President, but his veto of that measure has widened the difference between the Executive and the Democrats of the West and South. It has caused a feeling of resentment that will probably culminate in hostile resolutions in all Western and Southern platforms on the currency question and practical reorganization of the Democracy in those sections, in emphatic antagonism to the Administration.

In the event of the disruption of the Democratic party, the Republican party will find itself arrayed in hostile camps, resulting in the final overthrow of this organization. Indeed the seeds of unrest and discontent among the rank and file of the Republican party are plainly visible. It is very doubtful, even with the vantage ground the leaders now have, if they can hold their followers in the South and West. The silver question will, in the coming elections, be vastly paramount to all other issues. On this issue the Republican party has no right, from its record, to claim the support or sympathy of the free-coinage people of the country. The result of the elections next fall cannot with any degree of certainty be forecast. Unless there is a radical change from present political conditions, the Presidential contest in 1896 will bring the silver issue to a final settlement. The outlook now portends a united Democracy of the West and South on a platform for *freer trade and free coinage of both metals*. The body of the rank and file of the Democracy of the East will go with the party on this platform and leave the Tory leaders to finish what may be at that time left of the job they now have on hand—of cutting each other's throats.

Against this reorganized and popular Democracy will be arrayed the Republican party, around whose banner will rally the Tories of gold monometallism and the plutocracy of the tariff barons. It will be a battle-royal for freedom. The power of the

cohorts of gold monopoly, tariff and consequent *trusts*, as well as plutocracy in all its forms, will be challenged to mortal combat by the outraged commonalty of this country. The discontent throughout the world, consequent upon the restriction of the standard of money, is fast concentrating and massing the people for a fight that will make the closing years of the nineteenth century momentous in history. This condition is apparent in all gold-standard countries. These results were predicted by the opponents of gold monometallism from the beginning of the anti-silver crusade in 1872-1873. The action of England in suspending the free coinage of silver in India last summer, done, doubtless, for the purpose of aiding the overthrow of silver here, thus securing the unconditional repeal of the Sherman act, and the recent veto of the Seigniorage bill, has brought our people face to face with the alternative of submitting to the dictation of a few people who control the gold of the world, and who are determined, by means of the single gold standard, to dictate and control the financial affairs of the people, or of making war uncompromisingly against the inevitable degradation and slavery such arrogance of power implies.

R. P. BLAND.